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AN ECONOMIC INTERPRETATION OF THE WAR

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There have been almost as many explanations of the great war as there have been writers. The explanations, moreover, have ranged over a very wide field: personal jealousies, dynastic differences, militarism, wounded pride, the endeavor to round out political boundaries, racial antagonism, not to speak of such high-sounding phrases as struggle for liberty, or fight for national existence—all these and many more have been advanced for popular consumption. What is lacking in them all, however, is a realization of the fact that a conflict on this gigantic scale must be explained on broader lines than any of those mentioned. Wherever our sympathies may lie in the present struggle, it behooves us, as students of the philosophy of his-

tory, to take a position far removed from the petty interests of any of the contending parties. Servia tells us that she is fighting for independence; Austria maintains that she is struggling against political disruption; Russia asserts that she is contending for the liberties of the smaller Balkan States; France urges that she is endeavoring to restore freedom to her lost provinces; England puts in the foreground resistance to the insolent pretensions of militarism and protection of small nationalities; Germany claims a place in the sun; and Japan —well, Japan is fighting to defend large rather than small nationalities, that is, to free China from German domination. In each country, with scarcely a single exception, there has been a truly national uprising. Each of the contestants considers that he is fighting for a holy cause, and is thoroughly convinced not only of the justice of his own claims but of the infamy of his adversary's. Rarely in the world's history has there been presented such a spectacle of genuine and universal enthusiasm penetrating every nook and cranny of the belligerent countries, combined not only with an utter inability on the part of each to understand the position of the other, but also with a fierce and

implacable hatred between the more prominent contestants.

But if, amid the actual clash of arms, it is impossible for any of the belligerents to see the situation in its true light, is there any excuse for us, as neutrals and would-be philosophers, to content ourselves with the explanations that are born of mutual prejudice? Is it not rather incumbent upon us to realize that there are deeper world forces at work which are responsible for the present titanic conflict; and if so, is it not somewhat hasty to endeavor to apportion praise or blame for what is the inevitable result of world forces?

The starting-point of our analysis is the existence of nationality. Modern, as distinct from medieval, and in part from ancient, political, life, is erected on national foundations. The city states of classic antiquity or of the Middle Ages, although forming political entities, had no direct relation to the facts of nationality. There were in fact no nations: there were peoples and races and states, but no nations. The Greek states warred with each other, and there was an Hellenic people; but there was no Greek nation. Rome overran the world, and the Roman Empire included many peoples and

races; but we cannot properly speak of a Roman nation. In the later Middle Ages, the Italian and the German cities were often at war with their neighbors; but there was no Italian state or German state, and still less an Italian nation or a German nation. Modern political organization, on the other hand, is framed on national lines; and it is now universally recognized that the creation in the seventeenth century of the first great national states on the continent, as well as the solidification of the British commonwealth, was due to economic forces. It was now that what the economists call the local or town economy gave way to the national economy; it was now that land as a predominant economic force was replaced or supplemented by commercial and industrial capital. Land in its very nature is local; capital, in its essence, transcends local bounds. The rise of the national state was an accompaniment of the change in economic conditions.

From that time to this the basis of national life has been economic in character. I do not, of course, desire for a moment to deny that other factors have contributed. National consciousness is a subtle product of many forces, among which geographical situation, common

language, inherited traditions and similar social and political ideals have all contributed to perpetuate the racial characteristics which differentiate one nation from another. That racial and even religious differences have in the past frequently led to sanguinary contests goes without saying; and he would be venturesome indeed who would dare to predict that the future has not in store for the world many a conflict referable to these same causes.

If, however, we trace the history of the world during the past few centuries we are struck by the fact that, on the one hand, nations of different races have lived together in complete amity, and that, on the other hand, separate nations belonging to the same race and the same religion have often indulged in the most violent conflicts. Examples like the war between England and the United States, between Chile and Peru, between Prussia and Austria, could easily be multiplied. If in these cases the old explanation of racial antagonism obviously does not suffice; if on the contrary the political contests in such cases were due to more fundamental economic causes, is it not fair to assume that as between nations of different races as well,

similar economic causes often lie at the bottom of the controversy?

While economic considerations indeed do not by any means explain all national rivalry, they often illumine the dark recesses of history and afford on the whole the most weighty and satisfactory interpretation of modern national contests which are not clearly referable to purely racial antagonisms alone. The present struggle is without doubt to be put into the same category. To say, however, that nationalism in its economic aspects is the root of the present trouble is not yet adequate. For we have still to explain why there should have been such a recrudescence of nationalism of recent years. On the contrary, it might be asked, if the modern age is essentially a capitalist age, why should we not, in the face of the international aspects of capitalism, have a growth of internationalism rather than of nationalism? Why should we not be on the brink of that era of universal free trade, of permanent peace and of international brotherhood for which Adam Smith and the Manchester School so valiantly contended? Why is it that after the downfall of the Mercantile System—which was nothing but the economic side of the great national move-

ment of the seventeenth and the eighteenth centuries—we should witness, hand in hand with the undoubted growth of international intercourse and mutual understanding, the revival of the so-called Neo-mercantilism, as found a generation ago in almost all the continental nations of Europe as well as in the United States? And why should we at this very moment be in the presence of an almost universal emergence of national consciousness which threatens to destroy well-nigh everything that has been won during the nineteenth century, and which in its deplorable aspects is typified no less by the Oxford pamphlets of the English scientists than by the fulminations of the German professors or the decisions of the French learned societies? What are the world forces which compel human beings, almost perhaps against their will, to act as do the foremost representatives of our present-day civilization?

If I read history aright, the forces that are chiefly responsible for the conflicts of political groups are the economic conditions affecting the group growth. These conditions have of course assumed a different aspect in the course of history. The first and most obvious reason

leading to an expansion of a political group is the desire to insure a food supply for the growing population. It is today a fairly well established fact that the forces which set in movement the migration of the peoples from Asia to Europe and which were responsible for the so-called irruption of the barbarians were primarily the inability to maintain the flocks and herds, owing to the gradual desiccation of the original home, and the necessity of seeking fresh pastures abroad. We have recently been taught that the secret of the implacable enmity between Rome and Carthage was the desire to retain Sicily as the granary of the world. The need of an adequate food supply is the first concern of every political entity.

The next step in the economic basis of political expansion is the desire to develop the productive capacity of the community. This always assumes one of two forms. Where agricultural methods are still primitive and agricultural capital insignificant, the system of cultivation is necessarily extensive. As a consequence, and especially in those countries where slavery has developed, the need of a continual supply of fresh land as a basis for profitable slave cultivation, becomes imperative. It is this

fact which explains the Mexican War in the history of the United States, as well as numberless conflicts of former ages in other parts of the world.

On the other hand, where agriculture has been supplemented by an active commercial intercourse, and especially in the case of countries contiguous to the sea, the desire for the increase of wealth based on commercial profits has in the past everywhere led to a struggle for the control of the trade routes. From the time of Phœnicia down to the domination respectively of the Hanse towns and of Venice, the grandeur and decay of civilization may almost be written in terms of sea power.

All these changes, however, were anterior to the growth of modern nationalism. What, then, are the points in which modern struggles differ from their predecessors?

From this point of view it may be said that the first stage of modern nationalism represents an analogy rather than a contrast; and that it is only in the later stages that the real differences are to be sought. In the first stage of modern nationalism we find in fact a combination of the three forces which, as we have seen, played so important a rôle in former times.

The closing of the land route to India, through the Mohammedan conquest of Constantinople, and the discovery of the New World were the two chief factors which led to the development of nationality in the sixteenth and seventeenth centuries. It was at this time that the great colonial empires of Spain, Portugal, Holland, France and England were formed. The struggle to protect the economic interests involved in the colonial system led necessarily to an organization on a national scale. The real basis of the early colonial system, however, was the attempt to secure either raw materials for the incipient manufactures of the mother country, or crude articles like the spices from the East Indies, or treasure from America. The early colonial system, which itself marks the transition from medieval feudalism to modern capitalism, thus represents an attempt to increase the area of the supply of certain kinds of food, or the endeavor to expand the basis of productivity by the acquisition of fresh land calculated to yield raw materials or, finally, the effort to secure what was considered the essence of wealth itself in the shape of the precious metals. In order to accomplish each of these results, a great navy

was necessary, and such a navy could be provided and maintained only along national lines.

Before long, however, the accumulation of capital derived from the profits of the colonial empire found its chief utilization in an application to industry; and as this capital gradually percolated through business enterprise, the whole form of economic organization was changed. In the place of the medieval guild system where the same individual bought the raw material, fashioned the commodity, and sold the product to the consumer, there now grew up what was later on known as the domestic system, that is, the system where the first and third stages of the process were in the hands of capitalists who could both buy the raw material and sell the product on a large scale, while the second stage in the process was still carried on by the individual workman in his own home. The emphasis was consequently now put upon the protection of this national industry against its rivals, and the colonies henceforth became important, not so much as sources of raw material as, on the other hand, favorable markets for the commodities manufactured in the mother country. The so-called Mercantile System was badly named: because

although it is true that the prosperity of both colonies and mother country depended on the interchange of products carried on through overseas commerce, the essence of the system was the development of domestic industry on a national scale. The great wars of the seventeenth and eighteenth centuries, fought in order to control the sea and to expand the colonial empire, all had in view the development of the nascent industry on capitalist lines. Protection of industry was, therefore, the characteristic mark of nationalism during this period.

With the advent of the nineteenth century, however, Great Britain was ready to enter upon the next stage of development. Having built up her industry by the most extreme and ruthless system of protection that the world has ever known, and having wrested a large part of her world empire from her competitors, England now found it to her interest to go over from a system of protection to one of free trade. The free-trade movement, as is almost always the case with great economic transitions, was only ostensibly in the interests of the consumer, but actually in the interests of the producer. Thanks to a favorable conjuncture of events familiar to all scholars, the industrial revolution

—which means the complete application of capitalism to every stage of the productive process —took place first in England, and thus consolidated her position of industrial primacy. But as free trade and universal peace were obviously the means best calculated to perpetuate this industrial monopoly, we find Great Britain from this time onward desirous of living in amity with all those countries which had formerly been her rivals, but which were now hopelessly distanced in the industrial race and which were henceforth to be regarded as the most desirable markets for the output of British factories.

With the gradual spread of the factory system, however, into the continental countries, a new situation was engendered. In the first place, economic pressure upon Germany and Italy gradually resulted in the creation of a political nationality in order to mobilize the economic forces on a national scale. As a consequence, we find emanating from those countries, as soon as nationality was achieved, precisely the same movement of protection to industry which had characterized the Mercantile System several centuries earlier. Just as nationalism was the real basis of the early Mer-

cantilism, so this movement now came to be called Neo-mercantilism. In France, indeed, where, as we know, nationalism had been achieved at an earlier date, the new movement assumed a slightly different form, namely, that of competition for the markets of the world. It was this competition for the world market which now, after the period of quiescence and universal good will during the sixties and seventies, led in the eighties to the new movement for the increase of the colonial empire on the part of both England and France, and which at one time almost threatened to bring those two great nations into collision in Africa. Moreover, the advent of the industrial revolution in Germany and the transition from the domestic to the factory system immensely increased the tempo of the evolution. Whereas in the first decade after the formation of the German Empire the chief emphasis was put by Bismarck upon protection, now towards the close of the century the national industry had been built up to such an extent that Germany soon joined France in competing for the world market against England.

This transition from a period of protection

to a period of competition for markets would not, however, have sufficed to bring about the present gigantic struggle. The most important phase of modern industrial capitalism still remains to be explained. After national industry has been built up through a period of protection, and after the developed industrial countries have replaced the export of raw materials by the export of manufactured commodities, there comes a time when the accumulation of industrial and commercial profits is such that a more lucrative use of the surplus can be made abroad in the less developed countries than at home with the lower rates usually found in an older industrial system. In other words, the emphasis is now transferred from the export of goods to the export of capital.

England reached this stage a generation or two ago. For England, as is well known, has largely financed not only North and South America, but also many other parts of the world as well. In fact, the chief explanation of England's immense excess of imports is to be found in the profits from her surplus capital annually invested over the seas. Because of her later transition to the factory system, France followed at a subsequent period, but even then

only to an inconsiderable degree. For in the first place, the virtual cessation in the growth of population prevented any such increase of output as in England, although naturally augmenting the per capita wealth, and especially the prosperity of the peasant. And in the second place, since the French are far more conservative, largely for the reasons just mentioned, their annual surplus, such as it is, has been invested chiefly in contiguous countries like Spain and Belgium, and later on, for obvious reasons, in Russia. Thus France did not develop into any serious competitor of England in the capital market of the world. On the other hand, the significant aspect of recent development is the entrance of Germany upon this new stage of development. The industrial progress of Germany has been so prodigious and the increase of her population so great, that with the opening years of the present century she also began on a continually larger scale to export capital as well as goods. It was this attempt to enter the preserves hitherto chiefly in the hands of Great Britain that really precipitated the trouble. For if the growth of national wealth depends upon the tempo of the accumulation of national

profits, and if the rate of profits is, as we have seen, far greater in the application of capital to industrially undeveloped countries, it is clear that the struggle for the control of the international industrial market is even more important than was the previous competition for the commercial market.

Other and more familiar phases of the economic struggle have no doubt played their rôle in the various countries. It is indubitable, for instance, that Russia, still a predominantly agricultural community, is endeavoring to secure Constantinople partly in order to obtain an unrestricted vent for her wheat, partly in order to acquire a port which will not be ice-bound for the greater part of the year, and partly in order further to consolidate the basis of her national wealth. Austria, which is somewhat further advanced in industrial development, is assuredly interested in preventing interference with her economic hegemony in the Balkan States. Germany, because of her close union with Austria, is almost equally concerned in resisting the Russian pretensions. France, finally, would naturally seek to recover her lost provinces whenever the opportunity for an effective coöperation with Russia pre-

sented itself. So that those who desire to interpret the war on the lines of an economic struggle between the Teuton and the Russian civilizations would find no little basis for their contentions. All these, however, would not suffice to explain the one thing which needs elucidation: Why has the present contest attained the dimensions of a veritable world war, and why has it become clear, not only to the dispassionate observer, but to the contestants themselves, that the real struggle is between England and Germany?

If, however, Germany and England are the real antagonists, the true interpretation of the war must rest on this antagonism. From this point of view it is significant that England should now for more than three centuries have fought her way up with successive rivals in turn. In the seventeenth century, England's chief fight was against Holland; in the eighteenth century her greatest antagonist was France, and now, finally, she has locked horns with Germany. To the student of economic history, the present war, however, was just as inevitable as its predecessors; in this case, as in the others, it seems unnecessary to advance the minor explanations which are currently found. England's war with

Holland was a struggle for the control of the seas as a prelude to the expansion of national industry. England's wars with France were contests for colonial empire resting on a competition of markets for goods; England's war with Germany marks the final stage of a competition involving not simply the export of goods, but the export of capital.

While Germany was in the first stage of economic nationalism she took relatively no interest in colonial expansion, but was busily engaged in developing her industrial power and in utilizing to that end the same weapon of protection which had served Great Britain in such good stead in preceding centuries. With the consolidation and development of industrial enterprise Germany soon entered upon the second stage of economic nationalism, that of competing for the markets of the world. The export of commodities thus led naturally to colonial expansion, as a result of which the early Bismarckian policy was reversed. With the beginning of the present century, however, Germany entered upon the third stage of economic nationalism, supplementing the export of goods by the export of capital. Now it was that there emerged the real rivalry with England. Now

for the first time there came into view the possibility of the financial control of large sections of the world, of which Morocco and Asiatic Turkey are good examples. These efforts for financial control represented a penetration of backward countries by a developed capitalism—a peaceful penetration if possible, but a penetration at all costs. For Germany was learning the lesson from England's experience, and was fully aware of the fact that a financial or capitalistic domination is the surest avenue which leads toward commercial growth and which renders probable the greatest multiplication of profits.

This consideration seems of slight weight. Is it not true, it might be urged, that capital is invested in foreign countries by people of all nationalities, and that the stock of modern corporations pursuing their activities in any country is distributed among investors of all financial countries? This criticism, however, does not touch the core of the matter. For in the first place corporation policy is not influenced by the minority stockholders at all; and it is determined, so far as nationality is concerned, by that of the controlling directorate. The fact that the shares of the South African mines were

traded in on the Berlin stock exchange did not affect the close connection of the British mining corporations with the Boer War. And in the second place, the political influence which goes with financial authority is itself responsible for all manner of economic advantages, direct and indirect. It would be tedious as well as unnecessary to recite in detail the countless benefits that England has derived from India, or more recently from Egypt, and the numberless subtle ways in which she has contrived, just as every other nation would have done, to retain most of these benefits for herself. For who will in any way doubt that under modern conditions political preferment is the real open sesame to economic advancement? We have only to point to what is taking place at this very moment between China and Japan.

The German statesmen were simply learning their lesson from the vast book of English experience. The German economists were, almost to a man, united in the belief that, while it may not always be true that trade naturally follows the flag, it is clearly not open to doubt that political influence paves the way for economic superiority and vastly enhances the opportunities for economic preferment. It was primarily

to augment this political influence and to clinch these expected financial and commercial advantages that a large navy, with coaling places and stations throughout the world, became a necessity. This attempt, however, necessarily constituted a challenge to England's virtual monopoly of sea power and engendered in both countries the state of mind which has finally resulted in the present conflict.

To say, then, that either Great Britain or Germany is responsible for the present war, seems to involve a curiously short-sighted view of the situation. Both countries, nay, all the countries of the world, are subject to the sweep of these mighty forces over which they have but slight control, and by which they are one and all pushed on with an inevitable fatality. England, no less than Germany, Austria no less than Russia, cannot escape this nemesis. How idle is it, therefore, to speculate as to what the particular torch may have been which set fire to the conflagration! How bootless is it to attempt to estimate from the blue book or the white book or the yellow book which statesman or set of statesmen is responsible for the particular action that led to the declaration of war! If the war could have been averted now,

it was bound to break out in the more or less immediate future. Germany like England, Austria like Russia, Italy like Servia, each was simply following the same law which is found in all life from the very beginnings of the individual cell—the law of expansion or of self-preservation.

It is a curious fact that no one should hitherto have attempted to explain the paradox of increasing internationalism combined with the recrudescence of the newer nationalism which we are witnessing today. And yet, in the light of the preceding analysis, the explanation is simple. In the earlier days of civilization the stranger was the enemy because the economic unit was the local unit. With the slow growth of trade, these barriers were gradually broken down and the feelings of enmity attenuated, until, as in the Roman Empire, natural law developed as the law common to all peoples. In the same way, in the later Middle Ages, the local antagonisms were disappearing before commercial progress, until we even find dreamers who several centuries ago welcomed the speedy advent of the universal republic and proclaimed the impending reign of a world citizenship. As we have seen, however, the cre-

ation of industrial capitalism and the birth of nations in the sixteenth and seventeenth centuries consolidated the economic interests along national lines. While individuals now considered themselves citizens of a country rather than of a town, national antagonisms became stronger than the older local antagonisms. Yet after the first fierce onset of national power the forces of internationalism began to assert themselves, and international law was born, although never becoming a very lusty infant. A little later, however, when Great Britain had completed the first stage of nationalism through protection, it was so clearly to her interest to emphasize the ties that bind nations together, that her philosophers and economists found for a time a more or less ready response to their cosmopolitan teachings among those countries which were not yet quite prepared to start on the road of nationalism. Thus it was that by the middle of the nineteenth century the precepts of Adam Smith were now taken up by Cobden and Bright, and were reëchoed in Germany, in Italy, in Russia, and in other industrially undeveloped parts of the world—with the one significant exception of the United States, which, having entered after the Civil

War upon her first real stage of nationalism, turned a deaf ear to the preachings of the Manchester School.

With the progress of the industrial revolution in the United States, however, and with her gradual transition from an exporter of food to an exporter of finished products, the United States was ready to take its place side by side with England in preaching the gospel of cosmopolitanism and good will, and in emphasizing the forces which make for the growth of international trade. Had all the nations of the world been on the same level of economic progress, the very existence of capital as an international force would have lent a mighty support to the spread of good feeling and international fellowship. Unfortunately, it was precisely this equality that was lacking. In the absence of such a situation, the exploitation of the capitalistically undeveloped countries by the few nations which had reached the third stage of economic nationalism, that of the export of capital rather than of goods, became the keynote of a new struggle. Thus it is that modern capital, which on the one hand works toward real internationalism, peace and public morality and which will ultimately be able to

accomplish its beneficent results, is at the same time responsible for the weakening of international law and the revival of a more conspicuous and determined nationalism because of the greater prize to be achieved and the fiercer struggle necessary to win it.

In the political life of the world today we see the same forces at work as in all life from the very beginning—the forces which we sum up under the terms of the competitive and the coöperative process, the individualistic and the collective movement. Just as the animal organism was built up by a combination of the struggle between the cells and coöperation among them; just as human society has developed through the advance of the individual working hand in hand with the growth of the group; so the world society that is slowly coming to pass is evolving in obedience on the one hand to the competitive spirit of national struggle, and on the other, to the coöperative forces of internationalism—both of them inherent in the modern factory system, resting upon industrial capitalism. At certain stages in the world's history the one set of forces seems to be in the ascendency, at another stage the opposite set; but in reality they are complementary and

are always working together. It is the industrial revolution with the factory system and the growth of capitalism which has set in motion the mighty forces both of world coöperation and of national antagonism.

In the light of what has been said, the present and the future of the United States form an especially interesting subject for consideration. When this nation was born it was for some decades weak and puny. It was the genius of Alexander Hamilton which realized the true economic basis of nationality and which attempted to start the country on its real career. The gradual dominance of American politics by the South, the economic basis of which was agricultural rather than industrial, was, however, responsible for good as well as for evil. The emphasis upon states' rights indeed almost destroyed the Union; but the need of a wider basis of productivity under the extensive system of slave labor was responsible for the Mexican War and the rounding out of our imperial domain. It was only with the completion of the Civil War that this country as a whole entered on the first real stage of economic nationalism. Thus it was that the United States, following the example of Great Britain a century before,

built up an enormous industrial power through a system of national protection. We are now just beginning to reach the stage attained by Great Britain three generations ago, the stage, namely, of transition from the export of agricultural products to that of the import of agricultural produce and the export of manufactured products. We have not yet reached, and it may well be at least another generation before we reach, the third stage of economic nationalism, that of the export of capital on a large scale as the typical form of profitable enterprise. When we reach that third stage, which, as we have seen, carries with it the struggle for the exploitation of the relatively undeveloped parts of the world, our real trial will come, and the true conflict between nationalism and internationalism will begin. Then, and then for the first time since the development of our national forces, shall we have an opportunity to test the foundation of our historic friendship with Great Britain. Then, and then for the first time, will the situation arise when Great Britain, instead of being bound solidly to us by the bonds of her financial interest in us, will face the United States as a rival, a rival on the international market for

the control of the capitalistically undeveloped countries. Whether by that time the forces of internationalism will prevail and good will and peace continue, or whether, on the other hand, the United States will be impelled, perhaps against her will, to take the place now occupied by Germany, can be foretold by no one.

Finally it may be asked what is to be the outcome of all this? Are wars to go on forever? Is the present struggle, gigantic though it be, simply a forerunner of wars still more gigantic? Or, on the other hand, are the dreams of our pacificists to become true, and is universal peace to be realized?

If there is any truth in the preceding analysis, both of these things are coming in the fullness of time. That is, we are to have more wars, but we are to have ultimate peace. The reason that we are to have more wars is simply because of the fact that what we call the industrial revolution is in reality only a gradual change, and that this change is but slowly permeating the world. That part of the earth's surface which is occupied by countries with a highly developed industrial capitalism is relatively small. Although capitalism is spreading throughout the West and South of the United

States and effecting a lodgment in Canada and Japan and Russia, it is only beginning in the rest of Asia and Africa as well as in South America and Australia. As long as there are vast stretches of territory still waiting to be developed, so long will they prove to be a lure to the industrially advanced nations of the world. England, and to a much less extent France, have until recently provided this capital. Whatever be the outcome of the present war, however, nothing, if our analysis is correct, can check the ultimate tendency of countries like Germany, and later on Japan and the United States, to be followed still later by other countries, to secure their share of these lucrative opportunities. Whatever may be the immediate results of the present situation, or with whatever great success the attractive and even noble ideal of an imperial British federation may be realized, England can scarcely expect in the long run to retain the monopoly or the domination which it has achieved and which it built up during the nineteenth century as a result of the lucky accident of being the first country to experience the industrial revolution and to exploit her coal supply. England's primacy was no doubt deserved, and is assuredly

welcome to many of us; but from the point of view of world forces, it is difficult to resist the conclusion that it also is destined to disappear. Rome was able to create a world empire and to maintain it for several centuries because there was no economic expansiveness in the outlying constitutent members of the empire. Great Britain will find it far more difficult to create a world empire permanently dominating all other countries, for the simple reason that industrial capitalism is destined to overrun the world. Even today England is able to retain India only by strict commercial control and by sedulously preventing the growth of any national industry in that huge empire.

The above forecast as to the probability of the continuance of war rests indeed on an assumption that may be challenged. It might be urged that civilization is progressing so rapidly that the nations of the future will realize the economic waste, the inexpressible horror, and the irreparable ravages of war, and that common decency and ordinary humanity will impel the world into an abandonment of what is essentially the mark of savagery. However deeply and even passionately we may desire such a consummation, it must be confessed, in all hu-

mility, there seems to be slight warrant for its expectation. If indeed the chief nations of the world were to abandon all efforts to secure selfish advantage for themselves; if an international pact could be arranged so that each nation would cheerfully divide its opportunities with its neighbors, and would welcome the entrance of continually new claimants into the agreement; if, in other words, generosity were to replace selfishness in national arrangements, the outlook might, indeed, be very different. But with the frailty of human nature, as it unfortunately still exists; with the undoubted national consciousness which is suffused at present with the distinctively modern emphasis upon the importance of the material basis of the higher life; and above all with the opportunity afforded to each nation to reach out for its share of almost boundless prosperity by grasping the new opportunities afforded to modern capitalism, it seems hopeless to expect any effective resistance to a temptation which is so compelling, so illimitable, and so promising of success under the conditions of actual economic life. No more striking illustration of the real forces that dominate the foreign policy of modern nations can be found than the vain

effort recently made by certain Italian statesmen to repress the popular feeling and to prevent their country from joining a war the horrors of which had been for months clearly before the eyes of all. Pacificism seems destined, for the near future at least, to remain an unattainable ideal; for it is both blind and deaf to the effect of modern capitalism in accentuating, rather than attenuating, the lure of the economic life.

But if, then, we are likely to see during the next few generations wars on an even greater scale than the present one, will this endure forever? Not if our analysis is correct. For when once the time comes that industrial capital will have spread to the uttermost parts of the earth; when China and India and Africa and the rest will all have been as fully supplied with capital as are now Great Britain and Belgium and Germany; when, in other words, the industrial revolution will have permeated the world, then the economic basis will have been laid for two supreme events. In the first place, there will no longer be any exploitation of the backward countries, because there will be no industrially undeveloped countries to exploit. Then the whole world will be divided up into a series of

empires, perhaps a dozen or more, on a level of comparative equality economically, and therefore politically. With such a relative equality of industrial development, and in the absence of any important foreign territory to be exploited, each nation will then find it to its interest to develop what is best within itself in order to carry on a peaceful exchange of commodities with the other nations. Then, and then only, will Adam Smith's dream be realized, namely, that each nation will be able to utilize its own climatic and other economic advantages in a peaceful struggle with other nations. Then, and then only, will universal free trade become profitable to all, and the rule of international amity become enduring. Then, and then only, shall we have the secure foundation laid for the world republic and for the coöperation of all races and of all peoples toward a common ideal.

In the second place is the industrial revolution. Just as the industrial revolution changed England from an aristocracy to a democracy, just as the industrial revolution in the United States is re-creating a new South on a democratic basis, so the spread of the industrial revolution will bring democracy through-

out the world and will enable every country to turn its efforts to the ideals of a political and a social democracy. Then we shall not have to spend more money for dreadnoughts than we do for social progress.

To predict how soon this change will come about is idle. All that can be said is that the change is in progress, and that in this change there seems to lie the chief hope of the world's future. What the particular economic organization of the future is to be, it is not the purpose of these pages to discuss. My point will have been attained if we clearly keep in mind the inevitable spread of industrial capitalism, irrespective of the fact by whom the capital is to be controlled. Capitalism on an international scale may well lead during the next few decades to a strengthening of certain forms of international coöperation and fellowship, so ardently desired by all forward-looking thinkers. But industrial capitalism will not have completed its allotted task until it shall have brought about the reign of national economic equality which alone will serve as the basis of an enduring internationalism. Whatever may be the influence of the other factors, ponderable or imponderable, that contribute to civilization, it

is scarcely open to doubt that the dominant forces which are actually molding history to-day are primarily economic in character, and are as a consequence intimately associated with the great transition that is at present taking place in the economic organization of the world. Unless the present conflict is studied in the light of these world forces, its lesson will not have been read aright.

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